

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-10 ARA-06 EA-07 EUR-12 NEA-10

IO-13 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00

CEA-01 INT-05 SS-15 NSC-05 GSA-02 /135 W

-----241621Z 022735 /42

R 241417Z MAY 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 7611

INFO AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION USUN NEW YORK

AMEMBASSY MEXICO

AMEMBASSY BRASILIA

AMEMBASSY JAKARTA

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 4050

E.O. 11652: GDS

TAGS: UNCTAD, EMIN

SUBJECT: UNCTAD/COPPER: OUTCOME OF SECOND PREPARATORY MEETING

1. SUMMARY: SECOND PREPARATORY MEETING ON COPPER ENDED

MAY 20 WITH AGREEMENT TO RECONVENE EXPERT GROUP (IEGC)

TO CARRY OUT FURTHER WORK, INCLUDING CONSIDERATION OF

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POSSIBLE PRODUCER-CONSUMER FORUM AND FEASIBILITY STUDY
OF THREE ALTERNATIVE TYPES OF BUFFER STOCK AND/OR SUPPLY
CONTROL MEASURE. LATTER IS TO BE PREPARED BY
SECRETARIAT, USING OUTSIDE CONSULTANTS AS NECESSARY, FOR
SUBMISSION TO EXPERT GROUP. IEGC IS TO COMPLETE WORK AND
REPORT BY NOVEMBER. PERU'S ARIAS SCHREIBER RENEWED LAST
SEPTEMBER'S CONFRONTATIONAL ATMOSPHERE, ATTEMPTING

(WITH SOME SUPPORT BUT NO SUCCESS) TO ENGINEER A COMMITMENT TO CONVENE NEGOTIATING CONFERENCE IN THE SECOND HALF OF 1978, AND (WITH LITTLE SUCCESS) TO LIMIT SEVERELY THE MANDATE OF RECONVENED IEGC. ACTION REQUIRED: IN ORDER TO GET FEASIBILITY STUDY UNDER WAY QUICKLY, IN PROPER DIRECTIONS, AND UNDER CONTROL OF EXPERT GROUP, IT IS IMPORTANT THAT DEPARTMENT PROVIDE US MISSION WITH DRAFT SPECIFICATIONS FOR STUDY ASAP. END SUMMARY.

2. OUTCOME OF SECOND PREPARATORY MEETING IS APPROXIMATELY AS FORESEEN, WITH IEGC RECONVENED TO CARRY OUT FURTHER WORK. SINCE IEGC WILL PREPARE ITS OWN WORK SCHEDULE, IT IS CLEAR THAT BASIC ISSUES AND PROBLEMS SUCH AS MEDIUM AND LONG-TERM SUPPLY-DEMAND ANALYSIS, ROLE OF SCRAP, CO-PRODUCTION OF OTHER METALS WITH COPPER, SUBSTITUTION, ETC. WILL RECEIVE FURTHER ATTENTION. UNLIKE FIRST IEGC EXERCISE, NEW TERMS OF REFERENCE SPECIFICALLY INCLUDE CONSIDERATION OF PRODUCER-CONSUMER FORUM. THEY ALSO REFLECT SUGGESTION BY FRENCH DEL (LEGOUX) THAT IEGC PROVIDE FOR DETAILED FEASIBILITY STUDY OF STABILIZATION SCHEME, POSSIBLY TO BE CARRIED OUT BY AN OUTSIDE CONSULTANT, WHICH WAS WIDELY SUPPORTED BY BOTH PRODUCERS AND CONSUMERS (INCLUDING US). HOWEVER, PERUVIAN DEL (ARIAS SCHREIBER) SUCCEEDED IN ASSIGNING PREPARATION OF FEASIBILITY STUDY TO THE UNCTAD SECRETARIAT, USING OUTSIDE CONSULTANTS AS NECESSARY, AND IN SETTING AN UNREALISTIC TIME LIMIT OF NOVEMBER 1977 FOR COMPLETION OF THE IEGC'S WORK AND PREPARATION OF REPORT.

3. MEETING RETURNED, IN SOME DEGREE, TO CHARGED ATMOSPHERE
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OF FIRST COPPER PREPARATORY LAST SEPTEMBER. ARIAS SCHREIBER, DOING MOST OF THE SPEAKING, ATTEMPTED TO SWEEP UNDER RUG ALL ECONOMIC ISSUES AND UNCERTAINTIES WHICH HAD BEEN POINTED OUT AT LENGTH BY IEGC IN ITS REPORT. HE ACKNOWLEDGED DEEP DIFFERENCES BETWEEN DELEGATIONS REGARDING FEASIBILITY OF A COMMODITY AGREEMENT FOR COPPER, SAYING THESE CAN ONLY BE WORKED OUT ON A POLITICAL BASIS THROUGH THE PROCESS OF NEGOTIATION. HE CALLED FOR A POLITICAL COMMITMENT TO (A) CONVENE A NEGOTIATING CONFERENCE IN THE LAST HALF OF 1978, AND (B) RECONVENE THE IEGC FOR THE SOLE PURPOSE OF FORMULATING A DRAFT AGREEMENT. HIS INTERVENTIONS WERE OF AN INFLAMMATORY AND CONFRONTATIONAL NATURE THROUGHOUT THE WEEK, WITH ONE PARTICULARLY VIRULENT ATTACK ON DELEGATIONS WHICH DO NOT CONSIDER THAT RESOLUTION 93(IV) BINDS THEM TO ENTER INTO NEGOTIATION OF A COMMODITY AGREEMENT. ALTHOUGH SEVERAL OF THE LDCS AND NORWAY SUPPORTED ARIAS REGULARLY ON SUBSTANCE, ONLY THE MEXICAN DEL (BARONA CHAMBON) ATTEMPTED TO MATCH HIM IN RHETORICAL STYLE; INDEED SOME DELEGATIONS SUCH AS INDONESIA (ALATAS) AND BRAZIL (GRACA LIMA) SOUGHT TO OFFSET EFFECTS OF ARIAS'

INTERVENTIONS. PRC ATTENDED, BUT THEIR PARTICIPATION WAS LIMITED TO TWO HEAVILY IDEOLOGICAL STATEMENTS DECRYING EXPLOITATION OF LDCS BY SUPERPOWERS. SCANDINAVIANS WERE UNABLE TO PREPARE UNIFIED STATEMENT BECAUSE OF NORWAY'S SUPPORT FOR EARLY NEGOTIATION OF A COMMODITY AGREEMENT; THEY MADE INDIVIDUAL STATEMENTS WHICH, EXCEPT FOR NORWAY, SAID MORE STUDY WAS NEEDED, PREFERABLY BY A PRODUCER-CONSUMER FORUM. CIPEC REMAINED SILENT THROUGHOUT. EC HELD TOGETHER QUITE WELL, ALTHOUGH FRG PLAYED A PROMINENT INDIVIDUAL ROLE. JAPAN APPEARED TO BE LESS UNHAPPY WITH RESULTS THAN AT PREVIOUS MEETINGS.

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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 4050

4. ACTION REQUESTED: AFTER ACCEPTANCE OF MEETING'S CONCLUSIONS

AND RECOMMENDATIONS, USDEL (HEWITT), FOLLOWING CONSULTATIONS WITH SEVERAL OTHER DELEGATIONS, CALLED ON IEGC CHAIRMAN HALL (AUSTRALIA) TO ESTABLISH MACHINERY BY WHICH THE IEGC COULD CONSULT WITH THE SECRETARIAT ON A REGULAR AND CONTINUING BASIS IN REGARD TO THE DESIGN AND PROGRESS OF THE FEASIBILITY STUDY, AS THE TERMS OF REFERENCE REQUIRE IT TO DO. IN ORDER
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TO GIVE EFFECT TO THIS CONSULTATION, US MISSION WILL COORDINATE WITH PERMANENT GENEVA REPS OF KEY IEGC MEMBER COUNTRIES TO MAKE CLEAR TO SECRETARIAT WHAT MATERIAL WE EXPECT FEASIBILITY STUDY TO COVER, AND TO HELP FORMULATE ASSUMPTIONS AND SPECIFY METHODOLOGY. FOR THIS PURPOSE IT IS IMPORTANT DEPARTMENT PROVIDE MISSION WITH DRAFT OR RECOMMENDED SPECIFICATIONS FOR FEASIBILITY STUDY AND SUPPORTING DOCUMENTS ASAP.

5. CONCLUSIONS AND RECOMMENDATIONS OF SECOND PREPARATORY MEETING ARE AS FOLLOWS:

BEGIN TEXT:

CONCLUSIONS AND RECOMMENDATIONS AS ADOPTED ON 20 MAY 1977

1. THE SECOND PREPARATORY MEETING ON COPPER, HAVING CONSIDERED THE REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON COPPER, PREPARED IN PURSUANCE OF THE DECISION ADOPTED BY THE FIRST PREPARATORY MEETING, EXPRESSES ITS HIGH APPRECIATION OF THE WORK WHICH HAS BEEN CARRIED OUT BY THE GROUP.

2. THE MEETING RECOGNIZING THE URGENCY OF FINDING EFFECTIVE SOLUTIONS TO THE PROBLEMS OF COPPER, CONSIDERS THAT FURTHER WORK WITHIN THE FRAMEWORK OF THE IPC SHOULD BE CARRIED OUT WITH CLEAR DIRECTIONS AS TO THE NATURE AND PURPOSE OF SUCH WORK.

3. ACCORDINGLY, THE MEETING ADOPTED THE FOLLOWING DECISIONS:

(A TO RECOMMEND TO THE AD HOC INTERGOVERNMENTAL COMMITTEE FOR THE INTEGRATED PROGRAMME FOR COMMODITIES THAT THE INTERGOVERNMENTAL GROUP OF EXPERTS ON COPPER SHOULD BE RECONVENED, THAT IT SHOULD BE ENTRUSTED WITH THE TASK OF IDENTIFYING THE POSSIBLE ECONOMIC ELEMENTS FOR AN INTERNATIONAL ARRANGEMENT ON COPPER AND OF RECOMMENDING SUCH OTHER MEASURES AS IT MAY CONSIDER NECESSARY IN THE MEANTIME; THAT IT SHOULD BE RECONVENED AS SOON AS POSSIBLE; THAT IT SHOULD DECIDE ON ITS PROGRAMME OF WORK AND THAT IT SHOULD MET AS OFTEN
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AS NECESSARY IN ORDER TO COMPLETE ITS WORK IN TIME FOR ITS REPORT TO BE ISSUED BY THE END OF NOVEMBER 1977.

(B) TO REQUEST THE SECRETARY-GENERAL OF UNCTAD TO ASSIST THE INTERGOVERNMENTAL GROUP OF EXPERTS IN THIS TASK AND, IN CONSULTATION WITH THE GROUP, TO PREPARE WITH SUCH EXTERNAL EXPERTISE AS MAY BE REQUIRED, A STUDY OR STUDIES OF THE FEASIBILITY, COSTS AND BENEFITS AND FINANCIAL IMPLICATIONS OF:

(A) A PURE BUFFER STOCK ARRANGEMENT.

(II) A PURE SUPPLY MANAGEMENT SCHEME.

(III) A BUFFER STOCK COMPLEMENTED BY SUPPLY MANAGEMENT MEASURES AND SUBMIT SUCH STUDY OR STUDIES TO THE GROUP. SUCH STUDIES SHOULD BE EXTENDED TO AN EXAMINATION OF REMEDIAL AND DIFFERENTIAL MEASURES DEVELOPING COPPER IMPORTING COUNTRIES AS FORESEEN IN PARA 3, SECTION III OF RESOLUTION 93(IV), THE EFFECTS OF APPLYING THESE MEASURES TO TRADE AMONG DEVELOPING COUNTRIES SHOULD ALSO BE CONSIDERED.

(C) THAT THE GROUP OF EXPERTS SHOULD GIVE FURTHER CONSIDERATION TO THE IMPROVEMENT OF ARRANGEMENTS FOR CONSULTATION AND EXCHANGE OF INFORMATION BETWEEN PRODUCERS AND CONSUMERS OF COPPER, INCLUDING A POSSIBLE PRODUCER/CONSUMER FORUM.

(D) TO REQUEST THE AD HOC INTERGOVERNMENTAL COMMITTEE FOR THE INTEGRATED PROGRAMME FOR COMMODITIES THAT A THIRD PREPARATORY MEETING ON COPPER BE CONVENED NOT LATER THAN JANUARY 1978.

(E) TO REQUEST THE SECRETARY-GENERAL OF UNCTAD TO TAKE APPROPRIATE MEASURES IN THE EVENT THAT IT IS AGREED THAT A NEGOTIATING CONFERENCE ON COPPER SHALL BE HELD IN THE SECOND HALF OF 1978.
END TEXT. SORENSON

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Message Attributes

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